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THE DECAY OF CORDENISM IN ENGLAND.

BY JOHN P. YOUNG.

IN December, 1845, at a meeting of the Anti-Corn-Law League, held in Manchester, England, it was resolved to raise \$1,250,000, to be used in forwarding the free-trade movement. Three hundred thousand dollars were subscribed in one day. Twenty-three men put down their names for \$5,000 each, and the secretary could hardly record the subscriptions fast enough to suit the eager subscribers. M. M. Trumbull, who wrote the story of "The Free-Trade Struggle in England," says: "Nothing could stand against such earnest public opinion as that." Manifestations of earnestness which take the form of liberal subscriptions are usually impressive, and often achieve their object. This one did, for on the ensuing 28th of February the Free Traders carried their point, the House of Commons abolishing the corn laws by the decisive vote of 337 to 240.

It is a little more than half a century since this action was taken by England. During the interval the kingdom has made tremendous progress and is now rated as the richest country on the face of the globe. Its manufactures have expanded enormously, and until very recently its external commerce was continuously increasing. The population, which was less than 17,000,000 in 1846, now exceeds 40,000,000, and the financiers of the city of London are the dominating influence in the monetary world.

These facts are known to all Englishmen, yet it may be safely asserted that if Richard Cobden were alive to-day, and should attempt to raise a subscription fund in Manchester to buttress the free-trade idea, he could not secure pence where formerly pounds sterling were subscribed with alacrity. On November 30, 1897, the annual meeting of the Cobden Club was held in London, and

there were just thirteen persons present. The total income for the year amounted to the insignificant sum of £668, mostly contributed in the form of dues by men who are animated more by the pride of opinion than by a glowing conviction that the interests of England would be subserved by adhering rigidly to the gospel of free trade as formulated by the Manchester school of economists.

This apparent lack of interest in Cobdenism might be attributed to a feeling of assurance of success, if the English reviews and the daily press of that country were not teeming with articles tending to discredit the theories of the Manchester school, and manifesting a decided uneasiness regarding the commercial future of Great Britain. The men most ardently committed to the free trade idea a few years ago are now admitting that it is possible that their theories were at fault. Prof. L. L. Price, in a recent discussion of "The Present Condition of Economic Science," epitomizes the state of English opinion on this subject when he says that professed economists "may still insist on the practical objections existing to governmental interference in the shape of protection; but they would be prepared to admit that the contentions of many free traders had been expressed too absolutely, and that a broader review of possibilities and a wider survey of facts might suggest modifications in the current doctrines."

When we consider this statement closely it is at once seen that it amounts to an admission that the fundamental ideas of the Cobdenites have been overturned. A very slight familiarity with the writings of the Manchester school of economists exhibits the fact that their system was based on the assumption that the adoption of free trade by England would compel other nations to resort to the same system as a measure of self-defence, and that they were profoundly convinced that it would be impossible for a people to artificially develop an industry with government aid so that it could rival or compete with those established at the time the corn laws were abolished. That this does not overstate the case the remarks of Professor J. Thorold Rogers, in his paper on "Free Trade" in the *Encyclopædia Britannica* demonstrates. This distinguished champion said: "Protection discourages all kinds of improvement, and indeed it does not appear that the phenomenon of sudden, vast and permanent progress

has ever been witnessed in economical history except during the latter half of the eighteenth century in England."

If Professor Rogers were alive to-day he would carefully avoid such an argument and might even be induced to admit that he made a serious blunder in assuming that "protection discourages all kinds of improvement," and that he was totally in error when in 1889, in the course of one of his lectures delivered in the hall of Worcester College, he declared that, although "thirty years ago and more the American people were noted for the invention of labor-saving machines, the faculty . . . has been notoriously discouraged and is in no way so prolific as it used to be."

If Professor Rogers, with all of the opportunities of a specialist to obtain information, could be deceived on so vital a point as this, it is not surprising that the mass of Englishmen who were content to accept without question the assertions of their leading economists should have been misled. What would be more natural for a British manufacturer than to despise a rival who, he was assured, was constantly deteriorating in ability because he was the victim of an erroneous commercial policy? What could be better calculated to continue the delusion that the adoption of free trade by England had made it impossible for rivals depending upon protection to successfully compete than an apparently well authenticated statement that the effect of state aid was to sap the energies and weaken or destroy the inventive capacity of a people? How different an impression would have been produced had the English economic authority frankly given the figures which show that the number of patents issued in the United States had increased from 4,504 in 1859 to 24,158 in 1889, and admitted that a very large proportion of the inventions of the later years were in the field in which he declared we were growing negligent.

The English economists, who eagerly adopted his view of decadence under protection, also misled their followers in another fashion. They persistently affirmed that in protective countries the consumer was obliged to pay extravagantly for the privilege of being protected. "I do not deny that British manufacture and trade are hindered by the protective tariff of other countries," said Professor Rogers in one of his lectures. "The law allows the subject of it to buy one pair of boots where he might buy two

pairs, and stints him in many ways." No Englishman could seriously accept such a statement as this, and fear a rival working under a system so repressive of consumption as protection was then declared to be. It is true that Professor Rogers occasionally made admissions which negated the idea that the mass of people in protected countries were any the worse off for paying higher prices for what they consumed while the process of building up a manufacturing industry was in progress, but they were overlooked by the Cobdenites, who eagerly accepted as true every charge discrediting protection. Such assertions as that "the voluntary emigration (from England) of colonists anxious to better themselves in their own way of life" was a phenomenon worth noting, and that the movement was "in the largest degree to the United States," were unheeded, and the British manufacturer and the English people continued to hug the delusion that protection must ultimately work the ruin of those who depended upon it, even though they might temporarily appear prosperous.

In addition to the propensity to underrate the achievements of rivals present and prospective, the English economists were guilty of erroneously attributing to the operations of free trade, a prosperity which might easily have been traced to a wholly different cause. Singularly enough writers like Rogers could speak of "the discoveries of Arkwright, of Watt, of Hargreaves, of Crompton, giving England a practical monopoly of textile fabrics, and subsequently of other products nearly as important," and fail to perceive that it was this practical monopoly which really secured for England the lead she obtained when the gold discoveries in America and Australia revived commerce. Professor Lecky, in his recently published *Democracy and Liberty*, tells us that "it is more and more repeated that the great rush of prosperity that undoubtedly followed the repeal of the corn laws was largely due to the gigantic discoveries which kept up prices while they stimulated enterprise," but the allusions to such a contributory cause were few during the period of English prosperity, and when made they fell on unheeding ears.

John Stuart Mill, who wrote his *Principles of Political Economy* at a time when the effects of the discoveries of gold in California and Australia were just beginning to make themselves felt, was astute enough to perceive and predict that they might prove "the commencement of another period of declining value

of the metal." The effect of such a decline, or, to put it in another way, of the increased abundance of gold, is described by him in Book 3, Chapter VIII., paragraph 2, where he used this illustration :

" Suppose, everything else being the same, there is an increase in the quantity of money, say by the arrival of a foreigner in a place, with a treasure of gold and silver. When he commences expending it (for this question it matters not whether productively or unproductively), he adds to the supply of money, and by the same act to the demand for goods. Doubtless he adds, in the first instance, only to the demand for certain kinds of goods, namely, those which he selects for purchase; he will immediately raise the price of these, and so far as he is concerned of these only. If he spends his funds in giving entertainments, he will raise the prices of food and wine. If he expends them in establishing a manufactory, he will raise the prices of labor and materials. But at the higher prices more money will pass into the hands of the sellers of these different articles; and they, whether laborers or dealers, having more money to lay out, will create an increased demand for all the things which they are accustomed to purchase; these accordingly will rise in price and so on until the rise has reached everything."

Had Englishmen carefully studied the import of these words they might have avoided a serious blunder, but unfortunately the disciples of Mill concentrated their attention on the last clause of the paragraph, which carries the argument that prices would ultimately be equalized in the event of a rise such as that described, and completely missed the significance of the observation that during the time the rise was in progress great profit might be derived by those ready to take advantage of the situation. The English were prepared. Professor Rogers tells us that the discoveries of Arkwright, of Watt, of Hargreaves, of Crompton, had at this time given England a practical monopoly of textile and subsequently of other products equally important, and when the facts regarding the development of trade in the period immediately succeeding the discoveries of gold referred to are investigated we find his observation amply justified. Inquiry shows that in 1848 English manufacturers were so vastly in advance of those of other nations that the latter were practically non-competing. For many years Englishmen held a virtual monopoly in the iron and steel trade. They supplied the major part of the material consumed by the United States in the construction of its vast system of railways, and at prices which yielded them enormous profits. How great these profits were may be gathered from a table prepared by the writer a number of years ago for the purpose of displaying the fact that they

appeared to be governed solely by the American demand for rails and other supplies of iron and steel. When activity in railroad building began in the United States the prices of English rails were at once advanced nearly to the point prohibitive of use, and as soon as signs of depression exhibited themselves in this country they were at once marked down. The fluctuations were enormous during the period between 1850 and the date when American production began to make its influence felt. Mulhall furnishes tables of English prices which show that rails were sold in Liverpool in dull periods for half the price obtained for them when railroads were being constructed in the United States at the rate of eight or ten thousand miles a year.

What is true of iron and steel is equally true of textile and other manufactures. The development of these industries in England was so much in advance of that of other countries that during the period when the mines of California and Australia were yielding a hundred million or more annually that nation was in a position to derive the chief benefit of the discoveries of treasure. They exchanged their manufactured goods for Californian and Australian gold, and waxed immensely rich in consequence. The jargon of the economists has a tendency to disguise this fact, but it cannot deceive the investigator who seeks for causes and studies effects, and who will not be put off with phrases. Mr. Mill's assertion that "money is a mere instrument for exchanging things against one another," and his declaration that "the pounds or shillings which a person receives weekly or yearly are not what constitute his income, but are merely a sort of tickets or orders which he can present for payment at any shop he pleases, and which entitle him to receive a certain value of any commodity that he may make choice of," coupled with the observation that Great Britain acts on the principle that it is not wise to allow treasure to remain unemployed, have caused most Cobdenites to overlook the fact that it was during the time when England was in a position to almost monopolize the markets of the world that she accumulated and invested the greater part of the \$15,000,000,000, which is said to be now owing to her by foreigners, and the earnings of which account for the major portion of the \$630,000,000 annually drawn from the rest of the world, in excess of the value of the yearly exports of British produce.

It is the rude awakening of the English public to the errors

of the free trade economists which must be held responsible for the contempt into which Cobdenism has fallen. The Briton still lustily contends that free trade would be the best thing for mankind if the whole world would accept it, but he is rapidly abandoning the idea, carefully inculcated by Cobden, Bright, and others, that British prosperity would force other nations to follow her example in this particular. He now sees the fallacy of the expectation once entertained in England that other peoples, would attribute the start gained by the British in the commercial race to the superiority of English artisans over all others, and he is beginning to perceive that the most elaborately formulated economic maxims will be rejected by practical men if their instincts tell them that the lessons of the teachers and the logic of facts are not in harmony.

The extent of the revolution of sentiment in England may be inferred from the fact that Cobdenism scarcely finds a defender in that country at present, while the reviews and newspapers are filled with articles confessing the disappointment of the writers and urging plans to arrest the decadence of trade. In June, 1896, Edward Salmon, in a sketch entitled "From Cobden to Chamberlain," published in the *Fortnightly*, said: "Cobdenism is less and less recognized as an impregnable fiscal fortress, and the attack becomes more and more confident. Cobdenism is on the defensive." Sir Howard Vincent, in a letter written to the *London Times* in the latter part of 1896, complained that £80,504,991 worth of foreign manufactures were imported into the United Kingdom in a single year, and pointed out that "the £40,000,000 of British wages paid to foreign workers (for making these goods) came in part from the interest of millions sent to foreign countries to enable them to compete with us (the British) in manufacture and to oust us from their markets, instead of being employed in the development of domestic (British) resources." Canon MacColl wrote in the *Fortnightly* in December, 1895: "Let Russia, for the sake of argument, get possession of Asia Minor, and let her impose protective duties to her heart's content, she would nevertheless so develop the boundless resources of those countries that England, the carrier nation in chief of the world, would benefit incalculably;" but his attempt at consolation was rejected, and it was pointed out that rival nations were also developing their carrying trade, and would soon

be in a position to compete with Englishmen on the ocean. In an article in the *New Review* of November, 1896, Williams, the author of "Made in Germany," pointed out that "when the last attempt was made to get rid of foreign sugar bounties, nearly every trade union in the country (England) petitioned in favor of the bill for ratifying the convention," which is only another mode of saying that the British workingman no longer finds the "cheap-loaf" argument alluring.

Professor Lecky also has something to say regarding the change of opinion on this subject. In his *Democracy and Liberty* he declares that "even this last article (of the free-trade belief, cheap food) is not generally held without qualification. Cheap food, it is beginning to be said, does not necessarily mean the very cheapest, and a system under which the greatest and most important of all national industries is almost hopelessly paralyzed, under which land is falling out of cultivation, and the agricultural population flocking more and more to the congested towns, cannot be really good for the nation." No one attempted to controvert his statement, but many bitterly recalled the fact that Cobden and his fellow free-traders had, during the "fifties," assured the English farmer that he enjoyed a natural protection which would always give him the command of the British markets. Captain Lugard, an English army officer, whose experience in Africa qualified him to speak, wrote several articles on "New British Markets," which appeared in the *Nineteenth Century* in 1895. In one of these (September, 1895) he said: "Cotton is another product which it would be of great importance to our industries to obtain from within the bounds of our own empire, instead of being dependent for the raw material on which the chiefest of our manufactures depends upon a foreign country and a commercial rival;" and in another place he argued that all the coffee Englishmen required could also be produced within the boundaries of the empire. His suggestions were received with applause, and, so far as we know, not one Cobdenite lifted up his voice to protest against the assault on the free-trade tenet that it is necessary to buy from rivals in order to sell to them.

The *Westminster* of May, 1896, contained a paper on "Agricultural Depression Unmasked," by Hopkins, whose socialistic writings have attracted some attention. In it he derided the

remedy suggested by Gladstone, and said : " To bring about an alteration in these matters, to destroy the components of agricultural depression, would necessitate the enactment of State control or supervision of agricultural tenancy, with plain and uncomplicated rules and regulations, entirely independent of the caprice or selfish motive of landlord or agent." The significant thing about this rebuke is the fact that it was meekly accepted, the free-traders recognizing that a condition of affairs had been brought about by Cobdenism which they saw could only be mended by abandoning the doctrine of *laissez faire*. Mr. Gladstone's action in the case of Ireland and his recommendations regarding small land holdings show that he had completely lost sight of a fundamental theory of the Cobdenites, that State assistance to an industry must be pernicious. W. R. Bousefield, in the December, 1896, *Contemporary*, discussing the problem of unemployed labor, pointed out that while the free-trade policy had conferred benefits on England it had " at the same time enlarged the element of instability." He says : " We have ceased to produce for our own consumption a large number of articles which we can obtain more cheaply from abroad, and the industries concerned in the manufacture of the goods which we exchange for such articles has become correspondingly inflated. This is all for the best, so long as the products of these inflated industries are taken in exchange by the foreigner, but the moment his hostile tariffs exclude these goods our inflated industries collapse and the workers join the unemployed. This is one of the penalties we pay for the advantages of free trade, but it is daily becoming a more urgent question whether we cannot keep these advantages at less cost." The only rejoinder to this from free-traders is the one framed by Mallock, who retorted that if England was not capable of sustaining a greater population than 15,000,000, her surplus workingmen would have to betake themselves to other countries.

These quotations illustrating the decadence of Cobdenism could be multiplied indefinitely, but it is not necessary to pile up the evidence when we have the declaration of Lord Salisbury, made a few months ago in an after-dinner speech, that " the collective Briton is as timid as a woman when the barest suggestion is made of continental activity." In this brief sentence was recorded a mighty change. From being at one time the most

bumptious and self-confident people in commercial matters, the English have become the most timid. Instead of, as formerly, proclaiming that "the world is their oyster," English writers now scare their readers with stories of the superior abilities of rivals and dark hints of future decay. The attitude of the whole nation is profoundly pessimistic, and even during the brief period when poets were singing the glories of the Victorian reign they occasionally sang out of tune, as, for instance, Sir Edwin Arnold, who was compelled to make 1884 his apogee in industrial matters.

In a debate in the House of Commons some time ago, Joseph Chamberlain said :

"I regard many of our colonies as being in the condition of undeveloped estates, which can never be developed without imperial assistance. I shall be prepared to consider very carefully myself, and then if I am satisfied, to confidently submit to the House any case which may occur in which, by the judicious investment of British money, these estates which belong to the British crown may be developed for the benefit of their population and for the benefit of the greater population which is outside."

This declaration was generally accepted as foreshadowing the abandonment of the principles of Cobdenism, but it evoked only a feeble protest from free-traders. It would have taken the British public by storm if sober second thought had not brought to mind the fact that English colonists have constantly moving within them the perverse desire to build up manufactures in their own land, and have manifested a readiness to do so even though the mother country suffer a loss of trade in consequence.

The contemplation of this peculiarity suggests that the promised benefits of an imperial zollverein may be illusory. If Englishmen could persuade themselves that imperial federation offered the advantages its advocates say it does, free trade would be abandoned at once. But even though English ports may be kept open, and the goods of the foreigner allowed to pass through them freely, no candid person will dissent from the conclusion that the spirit of Cobdenism, which was a jumble of false economic ideas, prompted by selfish desires and masquerading under the garb of "Peace and good will to all men," is almost extinct in England. Lecky candidly admits that educated Englishmen now recognize that Cobdenism was devised in the "interest of a great commercial country which did not produce sufficient food for its own subsistence, although its manufactures

might almost supply the world," and he adds "that because the rest of the world could not be deluded into believing that a policy designed to secure the commercial supremacy of England, by making the people of other nations dependent upon her for manufactured articles, it was foredoomed to failure." The prosperity enjoyed by England, because it was ready to take advantage of the great impulse given to trade by the gold discoveries, averted this doom for a long time by obscuring the real workings of Cobdenism; but now that it is plainly seen that every advanced nation is determined to maintain its own workshops, the English have lost heart, and, economically speaking, Great Britain is drifting no one can tell whither.

JOHN P. YOUNG.